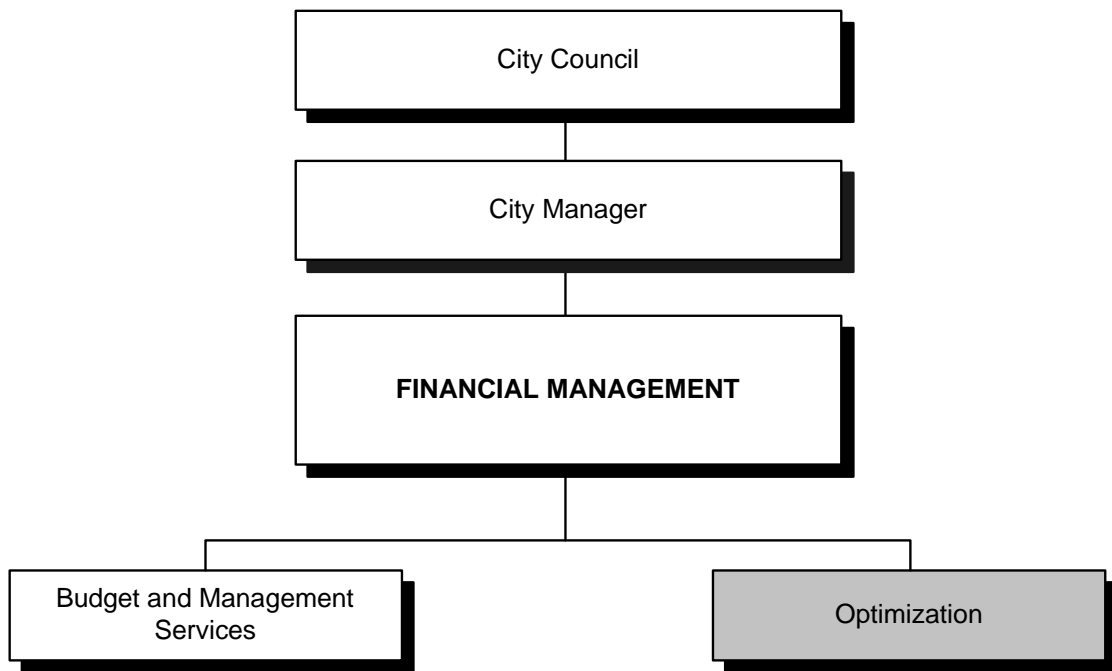


Financial Management



To provide professional support to City management for making fiscal and organizational decisions necessary to plan and implement the optimum use of City resources.

Financial Management



Financial Management

Department Description

The Financial Management Department coordinates and manages the development and implementation of a responsible and balanced budget to ensure sufficient resources are available to provide high quality municipal services. The department also consults with City departments to achieve optimal service delivery and efficient business operations by incorporating innovative performance management strategies.

Milestones Met/Services Provided

The Financial Management Department provides services to the City Manager and the City Council and serves as an internal consultant to other City departments. Financial Management administers a balanced budget of over \$2 billion, which includes an operating budget and a Capital Improvements Program. Also under the Financial Management umbrella is the pioneering Optimization Program. This program consults with City departments to ensure that high-quality services are provided in the most fiscally efficient manner possible.

Innovation, national recognition and consistently high-quality work are hallmarks of the Budget and Management Services Division. Imagination, technical expertise and dedication to excellence resulted in San Diego being the first city in the nation to produce their budget on CD-ROM for general circulation and the first to display their complete operating budget on the Internet. Each year for the past nine years, the division received recognition from the California Society of Municipal Finance Officers and Government Finance Officer's Association for distinction in budget publication. In its May 2001 issue, the Reason Public Policy Institute published the results of a study of 44 of the nation's 50 largest cities. In this report, San Diego was ranked first in California and sixth overall for providing efficient government services to its citizens. The City of San Diego has also been lauded for its

leadership in the development and implementation of Performance Based Budgeting. Budget and Management Services has led the way in tying budgets to the efficient and effective performance of City services.

The Optimization Program functions as an internal management consultant team, providing re-engineering, optimization, process improvement, and performance management services to City departments. In addition, the Optimization Program coordinates with the Zero Based Management Review (ZBMR), which is a team of citizen volunteers used to conduct macro-operational assessments of City departments and programs. The Optimization Program and the ZBMR are parallel, complementary programs. Project information and data are routinely shared between the programs in an effort to maximize the benefit of the competitive efforts process. The City has realized a savings of over \$100 million through the efforts of both of these programs from 1994-2001.

The Optimization Team accepted the award for "Best Companies to Work For in San Diego," presented to the City by the San Diego Business Journal and the San Diego Workforce Partnership. This honor was achieved through the City's continual commitment to providing programs that emphasize interpersonal communications, empower employees, provide various training programs, and reward and recognize employees for exemplary service.

Future Outlook

Budget and Management Services will continue to pursue initiatives to improve budget processes and communication with internal City and external stakeholders through the use of advanced technologies such as the development of automated budget publishing technology. The division will realize increased efficiency and a reduction in staff overtime as these initiatives are implemented.

Future Outlook (continued)

The Optimization Program is moving forward with a systematic process to identify and optimize critical Citywide and cross-departmental functions, while creating a more robust education, and outreach to promote process improvements throughout the City. Through benchmarking other cities and governmental agencies similar in demographics, Financial

Management is able to ensure that the City is operating at its optimal level, thus giving the City Council and the City Manager confidence that the citizens of San Diego are receiving the best and highest quality services available. This process also enables Financial Management to continually enhance its program and provide up-to-date information to clients.

Financial Management

Significant Budget Adjustments

Budget & Management Services	Positions	Cost
Personnel Expense Adjustments	0.00 \$	88,427
Adjustments to reflect the annualization of the FY 2002 negotiated salary compensation schedule, average salaries, fringe benefits and other personnel expense adjustments.		
Management Reallocation	0.20 \$	43,331
Financial Management Director reallocation due to internal reorganization.		
Non-Discretionary	0.00 \$	(8,190)
Adjustments to reflect expenses that are determined outside of the department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Budgetary Savings Plan	0.00 \$	(44,707)
Reduction of non-personnel expenses associated with staff training and hardware and software purchases. These savings will reduce staff development training opportunities and limit the ability to replace and upgrade outdated hardware and software.		

Significant Budget Adjustments

Optimization Program	Positions	Cost
Personnel Expense Adjustments Adjustments to reflect the annualization of the FY 2002 negotiated salary compensation schedule, average salaries, fringe benefits and other personnel expense adjustments.	0.00 \$	(10,510)
Management Reallocation Financial Management Director reallocation due to internal reorganization.	0.10 \$	20,893
Non-Discretionary Adjustments to reflect expenses that are determined outside of the department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	2,972
Budgetary Savings Plan Reduction to non-personnel accounts due to efficiency achieved within the department.	0.00 \$	(39,135)

Financial Management

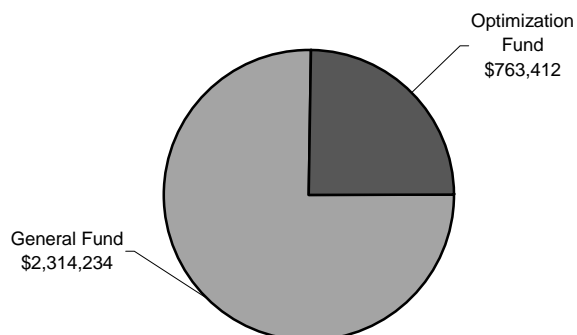
Financial Management			
	FY 2001 ACTUAL	FY 2002 BUDGET	FY 2003 PROPOSED
Positions	30.41	31.28	31.58
Personnel Expense	\$ 2,331,666	\$ 2,401,628	\$ 2,528,268
Non-Personnel Expense	638,816	622,937	549,378
TOTAL	\$ 2,970,482	\$ 3,024,565	\$ 3,077,646

Department Staffing	FY 2001 ACTUAL	FY 2002 BUDGET	FY 2003 PROPOSED
GENERAL FUND			
Financial Management - Budget & Management Services	22.85	23.42	23.62
Total	22.85	23.42	23.62
OPTIMIZATION FUND			
Optimization Program	7.56	7.86	7.96
Total	7.56	7.86	7.96

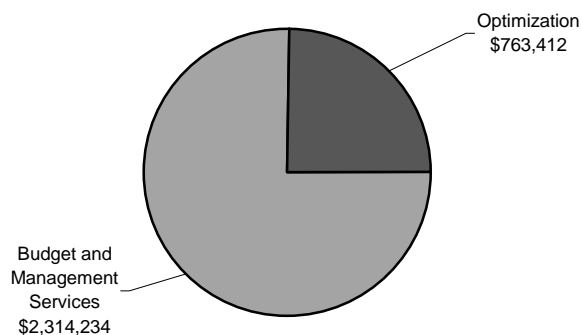
Department Expenditures	FY 2001 ACTUAL	FY 2002 BUDGET	FY 2003 PROPOSED
GENERAL FUND			
Financial Management - Budget & Management Services	\$ 2,525,767	\$ 2,235,373	\$ 2,314,234
Total	\$ 2,525,767	\$ 2,235,373	\$ 2,314,234
OPTIMIZATION FUND			
Optimization Program	\$ 444,715	\$ 789,192	\$ 763,412
Total	\$ 444,715	\$ 789,192	\$ 763,412

Financial Management

Source of Funding



Allocation of Funding



Budget Dollars at Work

\$2.4 Billion balanced budget
 6 Budget document volumes
 1,962 Budget document pages
 2,000 Budget document CDs produced and distributed nationwide
 10,596 Hits on the department's website
 \$85 Million in savings realized from 1994 through 2001
 \$25 Payback for every \$1 spent in Optimization Program

Key Performance Measures

	FY 2001 Actual	FY 2002 Budget	FY 2003 Proposed
Average cost per budget document page produced	\$70	\$46	\$46
Average cost per department, division, program and/or fund assisted	\$1,441	\$1,425	\$1,325
Average cost per report reviewed	\$236	\$168	\$166
Average cost per survey administered	\$55	\$28	\$99
Average cost per Optimization Program project monitored	\$1,669	\$5,077	\$3,430
Average cost per reengineering/performance management project	\$76,303	\$99,392	\$91,753

Financial Management

Division/Major Program Descriptions

Budget and Management Services

Budget and Management Services' primary responsibility is to work with the City Manager and City Council to prepare and publish the Proposed and Annual Budgets in accordance with the City Charter each year. The division also publishes the Service Efforts and Accomplishments document, an accompaniment to the City Budget, to highlight department achievements and service efforts, to present performance measures developed through the Performance Based Budgeting Program and to evaluate services of major City departments through comparison to other jurisdictions. During the fiscal year, Budget and Management Services monitors expenditures and revenue receipts on a Citywide basis, oversees budget transfers and adjustments and reviews Requests for City Council and City Manager Action for both the operating budget and the Capital Improvements Program. This division of the Financial Management Department also reviews financial reports prepared by all departments, divisions and programs quarterly to ensure budgeted expenditures do not exceed appropriations. Fiscal conditions are reported mid-year to the City Council in the City Manager's Financial Review and Status Report.

Optimization

The Optimization Program was established in 1994 in accordance with Council Policy 000-30, and serves as an internal management consultant providing professional services in the areas of reengineering, optimization, process improvements, and performance management to City departments. The program's goals are to improve the City's effectiveness of service delivery and business operations; provide and maintain the highest quality service for the optimum cost to residents, businesses, tourists and visitors; and promote accountability to taxpayers.

In addition, the Optimization Team also administers the Resident Satisfaction Survey and the Service Priority Ranking Survey. The Resident Satisfaction Survey is conducted annually to measure residents' satisfaction with City services. The survey uses a representative sample of approximately 600 San Diego residents to gather information regarding a variety of topics ranging from Quality of Life to Demographics. The Service Priority Ranking Survey is conducted every three years to assess the needs for City Services by resident to determine funding priorities. This survey uses a representative sample of approximately 3,200 San Diego residents. Information gathered from these surveys is used to facilitate the decision-making process as it relates to policy issues, and is published in the Service Efforts and Accomplishments document.

Financial Management

Salary Schedule

GENERAL FUND

Financial Management-Budget and Management Services

<i>Class</i>	<i>Position Title</i>	<i>FY 2002 Positions</i>	<i>FY 2003 Positions</i>	<i>Salary and Fringe</i>	<i>Total</i>
1106	Senior Management Analyst	4.00	4.00	82,626	330,505
1107	Administrative Aide II	1.00	1.00	57,984	57,984
1139	Budget Services Administrator	1.00	1.00	99,929	99,929
1218	Associate Management Analyst	8.00	8.00	73,971	591,766
1235	Multimedia Production Coord	1.00	1.00	64,706	64,706
1648	Payroll Specialist II	1.00	1.00	49,106	49,106
1746	Word Processing Operator	2.50	2.50	42,957	107,392
1876	Executive Secretary	0.21	0.21	60,376	12,679
1917	Supervising Management Analyst	2.00	2.00	90,610	181,220
1926	Information Systems Analyst IV	1.00	1.00	90,082	90,082
2111	Assistant City Manager	0.01	0.01	210,100	2,101
2130	Financial Management Director	0.50	0.70	162,416	113,691
2153	Deputy City Manager	0.20	0.20	191,215	38,243
2214	Deputy Director	1.00	1.00	130,886	130,886
	Overtime Budgeted	0.00	0.00		5,532
	Total	23.42	23.62	\$	1,875,822

OPTIMIZATION PROGRAM FUND

Optimization Program

<i>Class</i>	<i>Position Title</i>	<i>FY 2002 Positions</i>	<i>FY 2003 Positions</i>	<i>Salary and Fringe</i>	<i>Total</i>
1100	Accountant III	0.50	0.50	80,484	40,242
1106	Senior Management Analyst	1.00	1.00	82,619	82,619
1182	Admin Services Manager	1.00	0.00	-	-
1218	Associate Management Analyst	2.00	2.00	73,970	147,940
1535	Clerical Assistant II	1.00	0.00	-	-
1614	Org Effectiveness Spec II	1.00	1.00	73,470	73,470
1746	Word Processing Operator	0.00	1.00	42,955	42,955
1876	Executive Secretary	0.08	0.08	60,338	4,827
1917	Supervising Management Analyst	0.00	1.00	90,606	90,606
2111	Assistant City Manager	0.01	0.01	210,100	2,101
2130	Financial Management Director	0.20	0.30	162,416	48,724
2153	Deputy City Manager	0.07	0.07	191,215	13,384
2270	Program Manager	1.00	1.00	105,578	105,578
	Total	7.86	7.96	\$	652,446

FINANCIAL MANAGEMENT TOTAL **31.28** **31.58** **\$** **2,528,268**

Financial Management

Five-Year Expenditure Forecast

	FY 2003 PROPOSED	FY 2004 FORECAST	FY 2005 FORECAST	FY 2006 FORECAST	FY 2007 FORECAST
Positions	31.58	31.58	31.58	31.58	31.58
Personnel Expense	\$ 2,528,268	\$ 2,604,116	\$ 2,682,240	\$ 2,762,707	\$ 2,845,588
Non-Personnel Expense	549,378	565,859	635,835	601,910	619,967
TOTAL EXPENDITURES	\$ 3,077,646	\$ 3,169,975	\$ 3,318,075	\$ 3,364,617	\$ 3,465,555

Fiscal Year 2004

No major projected requirements.

Fiscal Year 2005

Addition of support to administer the Priority Ranking Survey.

Fiscal Year 2006

Reduction of onetime expenditure for administration of the Priority Ranking Survey.

Fiscal Year 2007

No major projected requirements.

Financial Management

Revenue and Expense Statement

OPTIMIZATION FUND	FY 2001 ACTUAL	FY 2002 ESTIMATED	FY 2003 PROPOSED
BEGINNING BALANCE AND RESERVE			
Balance from Prior Year	\$ 96,055	\$ 135,549	\$ 76,085
TOTAL BALANCE	\$ 96,055	\$ 135,549	\$ 76,085
REVENUE			
General Fund	\$ 245,154	\$ 240,251	\$ 240,251
Other Fund Transfers/Contributions	239,055	291,000	523,162
TOTAL OPERATING REVENUE	\$ 484,209	\$ 531,251	\$ 763,413
TOTAL BALANCE AND REVENUE	\$ 580,264	\$ 666,800	\$ 839,498
EXPENSE			
Personnel Expense	\$ 359,014	\$ 474,585	\$ 652,446
Non-Personnel Expense	85,701	116,130	110,966
TOTAL OPERATING EXPENSE	\$ 444,715	\$ 590,715	\$ 763,412
RESERVE	\$ -	\$ -	\$ -
BALANCE	\$ 135,549	\$ 76,085	\$ 76,086
TOTAL EXPENSE, RESERVE AND BALANCE	\$ 580,264	\$ 666,800	\$ 839,498

